

## Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 OMB-01 IO-10 ACDA-05 SAM-01 SAJ-01 TRSE-00

COME-00 FEAE-00 EB-07 MC-02 /096 W

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R 181540Z DEC 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 8668

INFO AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY TEL AVIV

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EO 11652: NA

TAGS: PFOR, EG, FR

SUBJECT: GISCARD'S VISIT TO EGYPT

1. SUMMARY. GISCARD'S VISIT TO EGYPT WAS MOST PUBLICIZED AND ELEGANT EVENT SINCE PRESIDENT NIXON'S ARRIVAL IN JUNE 1974. FOR SADAT, VISIT MEANT IMPORTANT POLITICAL SUPPORT FROM LEADING WESTERN STATESMAN WHO GAVE HIM ENTHUSIASTIC PUBLIC ENDORSEMENT FOR HIS ME STRATEGY. ALTHOUGH MILITARY SALES AND LONG-TERM AID LOANS WERE NOT ANNOUNCED, FRENCH WILL HELP WITH MILITARY INDUSTRIALIZATION. GOE IS PERMITTING EXAGGERATED PUBLIC DISCUSSION ABOUT MILITARY SUPPLY WHICH BOLSTERS SADAT'S EFFORTS "PROVE" HE HAS CREDIBLE ALTERNATIVE TO SOVIETS. FOR FRANCE, POLITICAL AGILITY IS PAYING OFF IN COMMERCAIL TERMS. END SUMMARY.

2. PRESIDENT GISCARD D'ESTAING AND LARGE RETINUE PAID STATE VISIT TO EGYPT DECEMBER 10-15. EGYPTIANS WENT ALL OUT TO WELCOME FRANCE AND WHOLE VISIT HAD SELF-CONSCIOUS LIMITED OFFICIAL USE

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AURA OF PREREVOLUTIONARY ELEGANCE. GISCARD DID USUAL

SIGHTSEEING IN EGYPT BUT SPENT CONSIDERABLE TIME IN MEETINGS WITH EGYPTIAN LEADERS AS WELL AS HAVING AT LEAST THREE PRIVATE TALKS WITH SADAT. ONLY LAST-MINUTE CHANGE IN SCHEDULE WAS GISCARD'S SURPRISE DAY TRIP TO SUEZ CANAL DECEMBER 13. FACT THAT VISIT COINCIDED WITH KURBAN BAIRAM FEAST CAUSED SOME SCHEDULING PROBLEMS. GISCARD RECEIVED HONORARY DOCTORATE, HELD TWO JOINT PRESS CONFERENCES WITH SADAT, SIGNED DECLARATION OF FRIENDSHIP AND COOPERATION, AND AGREED TO JOINT COMMUNIQUE. ALL THESE EVENTS RECEIVED HEAVY MEDIA COVERAGE.

3. POLITICAL: IN BANQUET TOASTS, FRIENDSHIP DECLARATION, AND COMMUNIQUE, BOTH SIDES AFFIRMED NECESSITY OF RAPID PROGRESS TOWARD JUST AND LASTING PEACE. BASES OF PERMANENT SETTLEMENT SHOULD BE, ACCORDING TO COMMUNIQUE, ISRAELI WITHDRAWAL BEHIND 1967 BORDERS, RIGHT OF COUNTRIES IN REGION TO LIVE IN PEACE BEHIND RECOGNIZED AND GUARANTEED BORDERS, AND RIGHT OF PALESTINIANS TO INDEPENDENT HOMELAND. SETTLEMENT SHOULD INVOLVE INTERNATIONAL GUARANTEES, IN WHICH FRANCE IS WILLING TO PARTICIPATE. ON LEBANON, COMMUNIQUE EXPRESSED CONCERN OVER COUNTRY'S UNITY AND INTEGRITY. COMMUNIQUE ALSO REFERRED TO BOTH SIDES' SATISFACTION WITH PROGRESS OF EC/ARAB DIALOGUE AND INTENTION CONTRIBUTE TO SPIRIT OF CIEC DIALOGUE. DECLARATION OF FRIENDSHIP URGED RESTORATION OF LINKS BETWEEN MEDITERRANEAN PEOPLES. IN GENERAL, TWO PRESIDENTS HOLD "IDENTICAL VIEWPOINTS" ON "MOST" PROBLEMS OF INTERNATIONAL POLITICS (COMMUNIQUE).

4. ECONOMIC: FRENCH ECONOMIC "PERCEE" WAS LEIT MOTIF OF VISIT; OFFICIAL STATEMENTS ABOUT SPECIFIC PROJECTS WERE MADE PIECEMEAL THROUGHOUT TRIP, SOMETIMES BY GODEFRID, SOMETIMES BY GISCARD OR HIS MINISTERS. COMMUNIQUE, WHICH GAVE FULLEST RUNDOWN OF PROJECTS, DID NOT INCLUDE ALL THESE ANNOUNCEMENTS. FOLLOWING IS OUR ROUND-UP, DRAWN FROM OFFICIAL DOCUMENTS, SUPPLEMENTED BY MEDIA REPORTING.

A. PROJECTS BEING EXECUTED (BOTH FROM COMMUNIQUE):

(I) STAGE I OF ABU KIR THERMAL POWER STATION.

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(II) COLOR TV PROJECT.

AFP QUOTED GODEFRID MIN FOREIGN TRADE SECRETARY AND MIN INDUSTRY D'ORNANO AS ADDING TWO OTHER PROJECTS TO THIS LIST, NONE OF WHICH HAVE SURFACED IN OTHER REPORTING: FURNISHING OF TELEX MACHINES AND PREFABRICATED STRUCTURES PROJECT.

B. PROJECTS FOR NEXT YEAR:

(I) SECOND PHASE OF ABU KIR POWER PLANT.

(II) DEVELOPMENT OF CAIRO TELEPHONE SYSTEM.

(III) PORT SAID/SUEZ TELECOMMUNICATIONS CABLE (COMMUNIQUE).

(IV) CARTOGRAPHY - NATIONAL GEOGRAPHIC INSITUTE SIGNED  
CONTRACT FOR FF 120 MILLION (AFP INTERVIEW WITH GOF MINISTERS).

(V) ALUMINUM ROLLING PLANT (COMMUNIQUE).

(VI) SALE OF TURNKEY POLYESTER FIBER PLANT  
(COMMUNIQUE).

(VII). SUEZ CANAL FEASIBILITY STUDY (COMMUNIQUE).

(VIII) FOG LOAN OF FF SIX MILLION FOR COVERED  
DRAINAGE IN 10,000 FEDDAN AREA (ANNOUNCED BY GOE OFFICIAL).

C. PROJECTS UNDER STUDY:

(I) EQUIPPING EGYPTIAN PETROLEUM INSITTUTE.

(II) TIRE SUPPLY.

(III) NUCLEAR PROGRAM CONSISTING OF RESEARCH AND  
DEVELOPMENT OF MINERAL RESOURCES (COMMUNIQUE).

(IV) DESALINATION PLANT (COMMUNIQUE).

(V) SOLAR ENERGY (COMMUNIQUE).

(VI) CAIRO SUBWAY (COMMUNIQUE AND GISCARD'S  
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DECEMBER 14 ACCNOUNCEMENT THAT FRANCE'S SHARE IN THIS  
PROJECT WOULD BE INCREASED. GOF LOAN, AMOUNT NOT GIVEN, WILL  
BE PROVIDED FOR FIRST PHASE, FULL COST OF WHICH WILL BE  
FF TWO BILLION. FINAL STUDIES DUE END OF NEXT MAY.).

(VII). SUEZ CANAL. (COMMUNIQUE: AFP REPORTS  
"SOGREAH" IS UNETAKEING STUDIES OF CANAL MANAGEMENT AND  
OF DEVERSOIR TUNNEL. ACCORDING TO GOE MIN RECONSTRUCTION,  
TUNNEL WILL PERMIT SETTLEMENT OF A MILLION MORE EGYPTIANS  
IN SINAI).

(VIII) MANAGEMENT OF PORT SAID'S PORT. (MIN  
RECONSTRUCTION TOLD PRESS DECEMBER 12 NEW PORT WILL BE  
"COMPLEMENTARY" TO NEW FRENCH PORT AT FOSSE (PHONETIC.)

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5. AS USUAL, EGYPTIANS WERE HOPING FOR SOME CONCRETE FINANCIAL ASSISTANCE, I.E., LONG-TERM LOW-INTEREST LOANS. THAT THEY DID NOT GET.

6. MILITARY: QUESTIONS RELATED TO ARMS SALES, ACCELERATION OF DELIVERY SCHEDULES, AND GOF PARTICIPATION IN EGYPT'S MILITARY INDUSTRIALIZATION PRESUMABLY RANKED HIGH ON AGENDA. IN VIRTUALLY EVERY ENCOUNTER WITH PRESS, THESE ISSUES WERE RAISED, BUT TWO PRESIDENTS CONFINED ANSWERS TO FRENCH WILLINGNESS SUPPLY TECHNICAL ASSISTANCE. COMMUNIQUE WORDING IS TYPICAL OF BOTH SIDES' CAUTION ON THIS POINT: "EGYPTIAN PRESIDENT EXPRESSED WISH DEVELOP DEFENSIVE ARMAMENT... AND EXPRESSED HOPE FRANCE WILL CONTRIBUTE...WITH TECHNICAL AND TECHNOLOGICAL ASSISTANCE. FRENCH PRESIDENT HAS RESPONDED TO THIS WISH." DURING GISCARD'S VISIT, VP MUBARAK REPORTEDLY HAD MEETING WITH REPS FROM THOMSON AND FRENCH MINDEF. NEVERTHELESS, ONLY SPECIFIC REFERENCE TO MILITARY-RELATED PROJECT CAME IN AFP INTERVIEW WITH FRENCH MINISTERS, WHO SAID AMONG FRENCH

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PROJECTS NOW BEING EXECUTED IN FACTORY FOR ASSEMBLY OF MILITARY VEHICLES.

7. COMMENT: POLITICALLY, GISCARD'S VISIT SET SEAL ON LOCAL IMAGE OF FRANCE AS EGYPT'S BEST EUROPEAN FRIEND. BUILDING ON DE GAULLE'S POPULARITY IN ARAB WORLD, FRENCH HAVE PARLAYED HANDFUL OF POLITICAL PLOYS, WHICH COST LITTLE, INTO POLITICAL INFLUENCE UNRIVALLED BY EC COMRADES. GISCARD SAID ALL THE RIGHT THINGS TO BOOST SADAT'S MORALE AND ARAB PRESTIGE, CONGRATULATING HIM ON SINAI II AND HIS CONTINUING EFFORTS FOR ME PEACE. FRENCH PRESIDENT STATED FORTHRIGHTLY TO MEDIA THAT EGYPT IS ON RIGHT POLITICAL TRACK AND SADAT IS COURAGEOUS STATEMAN. THESE VIEWS, PRONOUNCED BY LEADING WESTERN POLITICIAN, BUTTRESSED OTHER RECENT JUDICIOUS PRO-ARAB POSTURES WHICH FRENCH HAVE ASSUMED, E.G., PLO-PARIS OFFICE, UN VOTES. BUT, MORE THAN ANYTHING ELSE, IT IS FRENCH WILLINGNESS SELL ARMS AND PERMIT EXAGGERATED PUBLIC DISCUSSION ABOUT SUCH SALES WHICH HAVE MADE FRENCH STAR RISE OVER CAIRO. FOR SADAT, THIS PUBLIC BALLYHOO HAS BEEN USEFUL DEVICE TO MASK EGYPT'S MILITARY WEAKNESS BEHIND DECEPTIVE SMOKESCREEN OF ALLEGEDLY SIGNIFICANT ARMS SALES AND DELIVERIES, MAKING HIS POLICY OF DIVERSIFICATION OF MILITARY SUPPLY APPEAR TO BE CREDIBLE EFFORT REPLACE SOVIET SUPPLIES. POLITICALLY, THEN, EGYPT IS THE GAINER.

8. FOR PARIS, MOST IMPORTANT PAYOFF FOR THIS FRENCH DIPLOMATIC AND POLITICAL FLEXIBILITY HAS BEEN IN COMMERCIAL TERMS. FIRST, SUCH ARMS SALES AS EXIST WILL BE PAID FOR IN HARD SAUDI CURRENCY. SECOND, NO OTHER COUNTRY HAS BEEN AFFORDED SUCH A SWEEPING OPPORTUNITY PARTICIPATE IN SOME OF EGYPT'S MOST CHERISHED PROJECTS. IT IS TRUE THAT NOT ALL PROJECTS IN WHICH GOF IS INTERESTED MAY BE DONE WITH FRENCH PARTICIPATION, OR EVEN DONE AT ALL. FURTHER, IF MONEY IS A FACTOR IN DETERMINING WHO DOES WHAT, FRANCE MAY HAVE TO COME UP WITH SOMETHING MORE THAN TOKENS. NEVERTHELESS, BY CONTRIBUTING A LITTLE AT START, E.G., CAIRO METRO, FRENCH MAY PICK UP CONSIDERABLE SHARE OF WHAT COMES LATER.

9. FROM US POINT OF VIEW, GISCARD'S STATEMENTS ABOUT IMPORTANCE OF MAINTAINING MOMENTUM TOWARD PEACE WERE HELPFUL,  
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BOLSTERING AS THEY DO USG-GOE EFFORTS  
PROCEED TO PEACEFUL SETTLEMENT. ONLY POINT ON WHICH WE

DIFFER WAS COMMUNIQUE REFERENCE TO PALESTINIAN "RIGHTS," PARTICULARLY TO INDEPENDENT HOMELAND. FRENCH PRESIDENT SEEMED TO TAKE CARE TO AVOID APPEARANCE OF BIDDING AGAINST USG IN EITHER POLITICAL OR ECONOMIC CONTEXT. AT SAME TIME, OF COURSE, HE LEFT BURDEN OF SUPPORT FOR GOE IN US HANDS AND OUR PRELIMINARY ASSESSMENT IS THAT FRENCH PRIVATE INVESTORS MAY POSSIBLY ENJOY FAVORED POSITION.

10. FRENCH CLEARLY INTEND TO KEEP UP MOMENTUM OF GISCARD VISIT. FRENCH MIN CULTURE IS DUE IN EGYPT FOR TEN DAYS OF OFFICIAL TALKS DECEMBER 21 AND DELEGATION FROM MARSEILLES CHABMER OF COMMERCE IS HERE NOW FOR DISCUSSIONS WITH CAIRO CHAMBER OF COMMERCE. AHRAH REPORTS PRIMIN CHIRAC WILL PAY VISIT IN SIX MONTHS TO SEE WHAT HAS BEEN ACCOMPLISHED IN PERIOD FOLLOWING GISCARD VISIT. EILTS

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## Message Attributes

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